

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-06 ARA-06 EA-06 EUR-12 NEA-09 RSC-01 IO-10

CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00 INR-07 NSAE-00

FAA-00 ISO-00 /067 R

DRAFTED BY EB/OA/AVP:LKNEAR:JO

APPROVED BY EB/OA/AVP:DBORTMAN

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R 312145Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY ANKARA

AMEMBASSY SINGAPORE

AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KINSHASA

AMEMBASSY DAKAR

AMEMBASSY TEHRAN

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: EAIR

SUBJECT: CIVAIR - RESTRICTIVE FOREIGN AIRLINE PRACTICES

1. THE CIVIL AERONAUTICS BOARD (CAB) IS REVISING ITS COMPREHENSIVE STUDY OF PRACTICES OF FOREIGN GOVERNMENTS WHICH FAVOR THEIR NATIONAL AIRLINES AND ADVERSELY EFFECT THE ABILITY OF U.S. AIRLINES TO COMPETE IN THE SAME MARKET. AS YOU RECALL, THIS STUDY WAS ORIGINALLY PUBLISHED IN AUGUST 1973; REFERENCE AIRGRAM 1-4134 OF MAY 11, 1973. THE REVISED STUDY WILL BE LIMITED TO RESTRICTIVE OR DISCRIMINATORY PRACTICES. SUBSIDIES ARE BEING TREATED SEPARATELY (REF: STATE 79306). WE RECOGNIZE THAT SOME FORMS OF DISCRIMINATION ARE IN THE NATURE OF SUBSIDY ASSISTANCE TO THE NATIONAL CARRIER (E.G. TAX LIMITED OFFICIAL USE

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REBATES). POSTS SHOULD REPORT SUCH PRACTICES INsofar AS

THEY INTERFERE WITH THE ABILITY OF U.S. CARRIERS TO
COMPETE.

2. SOME EXAMPLES OF RESTRICTIVE OR DISCRIMINATORY PRACTICES WHICH WERE IDENTIFIED IN THE INITIAL SURVEY ARE:

A. CURRENCY CONVERSION REGULATIONS AND PRACTICES WHICH MAKE IT DIFFICULT OR IMPOSSIBLE FOR U.S. AIRLINES TO REMIT DOLLARS FROM THEIR LOCAL EARNINGS.

B. FOREIGN EXCHANGE REGULATIONS WHICH GIVE PERSONS

PREFERENCE IF THEY TRAVEL ON THE NATIONAL AIRLINE INSTEAD OF ON U.S. (OR OTHER FOREIGN) AIRLINES.

C. VARIOUS FEES (EXIT FEES, TRAVEL TAXES, ETC.) WHICH NEED NOT BE PAID IF TRAVEL IS ON THE NATIONAL AIRLINE.

D. PREFERENTIAL TAX OR OTHER TREATMENT FOR NATIONAL COMPANIES FOR TRAVEL OF THEIR EMPLOYEES ON NATIONAL AIRLINE.

E. DISCOUNT (OR FREE) FARES AVAILABLE FOR ALL OR CERTAIN CATEGORIES OF NATIONALS OF THE COUNTRY IF THEY TRAVEL ON THE NATIONAL AIRLINE.

F. ACCORDING THE NATIONAL AIRLINE PREFERENCE IN PROVIDING GOVERNMENT-CONTROLLED SERVICES, SUCH AS AIRPORT AND OFFICE SPACE, FUEL, ETC.

G. HANDLING AGENTS (FOR CATERING, FUELING, MAINTENANCE, ETC.) OWNED OR CONTROLLED BY NATIONAL AIRLINE WHICH HAS EXCLUSIVE FRANCHISE.

3. ADDRESSEE POSTS ARE REQUESTED TO REPORT BY CABLE WHETHER THESE OR OTHER POTENTIALLY RESTRICTIVE OR DISCRIMINATORY POLICIES EXIST IN THE HOST COUNTRY AND WHETHER THEY UNFAIRLY PREJUDICE THE ABILITY OF U.S. AIRLINES TO COMPETE. PRELIMINARY REPORTS MAY IDENTIFY LIMITED OFFICIAL USE

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WHICH PRACTICES EXIST OR ARE BELIEVED TO EXIST, WITH SUBSEQUENT REPORTS TO PROVIDE DETAILS AS THEY ARE OBTAINED. INFORMATION MAY INCLUDE OFFICIAL GOVERNMENT DOCUMENTS, NEWSPAPER OR MAGAZINE ARTICLES, AND OTHER DOCUMENTED MATERIAL. MATERIALS RELATING TO INDIVIDUAL COUNTRY PRACTICES PUBLISHED IN LAST YEAR'S CAB STUDY IS BEING POUCHED TO RESPECTIVE POSTS.

4. WOULD APPRECIATE REPORTS BY FEB 12. IN ADDITION,
ADDRESSEE POSTS SHOULD INDICATE WHICH PRACTICES THEY
BELIEVE WOULD BE MOST AMENABLE TO CHANGE AND WHAT
APPROACH IS RECOMMENDED. KISSINGER

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